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Arizona Corporation Commission

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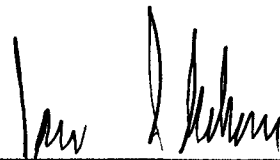
IN THE MATTER OF THE APPLICATION) DOCKET NO. W-03513A-01-0727
 OF STRAWBERRY WATER CO., INC. FOR)
 AN EXTENSION OF ITS CERTIFICATE OF) **ADDITIONAL STAFF COMMENTS**
 CONVENIENCE AND NECESSITY.) **REGARDING THE MOST RECENT**
) **FILING SUBMITTED BY APPLICANTS**
)

Staff of the Utilities Division ("Staff") of the Arizona Corporation Commission ("Commission") hereby respectfully submits additional comments regarding materials recently submitted by Strawberry Water Company ("Strawberry"), docketed on March 3, 2003.¹ Staff has received a copy of what Staff understands to be the most recent version of Strawberry's Water Facilities Agreement. Staff still cannot approve this most recent version of the Water Facilities Agreement with the Hardscrabble Mesa Homeowners Association ("HMHOA") because it still fails to comply with the Arizona Administrative Code ("A.A.C.") R14-2-406.D., which requires a minimum refund of ten percent of the total revenue received from water sales to customers connected to the subject main extension. This was a condition for Staff approving Strawberry's Application for an Extension to its Certificate of Convenience and Necessity ("CC&N") that a main extension agreement *consistent with Commission rules* be entered. To date, Strawberry has not filed a main extension agreement in compliance with state regulations, nor has Strawberry provided any justification whatsoever warranting deviation from those regulations. Staff still cannot support any prior version of the Water Facilities Agreement as provided by Strawberry. In addition, Strawberry's Water Facilities Agreement still suffers from the deficiencies outlined in Staff's comments filed on January 17, 2003.

¹ Strawberry is the actual entity which applied for the CC&N Extension. It is a subsidiary of Brooke Utilities Co., Inc., which owns many small water companies in Arizona. The area now controlled by Strawberry used to be in the CC&N territory of E&R Water Company, which was last approved for a rate increase in Decision No. 62400. Since that time, Brooke Utilities Co., restructured its subsidiaries, leading to the dissolution of E&R Water Company and assumption of part of E&R's service territory by Strawberry. Strawberry is authorized to charge the rates under Decision No. 62400.

1 Due to the fact that Strawberry's Water Facilities Agreement still is not consistent with
2 applicable state regulations, Staff cannot approve the main extension agreement with HMHOA.
3 Staff recommends that Strawberry file an agreement in compliance with all applicable state
4 regulations.

5 RESPECTFULLY SUBMITTED this 10th day of March, 2003.

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14 (602) 542-3402

12 The original and fifteen (15)
13 copies of the foregoing filed
14 this 10th day of March, 2003, with:

14 Docket Control
15 Arizona Corporation Commission
16 1200 West Washington Street
17 Phoenix, Arizona 85007

17 COPIES of the foregoing
18 mailed this 10th day of
19 March, 2003 to:

19 Robert Hardcastle
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11 Angela L. Bennett